Supreme Court, U.S.
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IN THE

Supreme Court of the United States

ISI INTERNATIONAL, INC.
Petitioner,

v.

BORDEN LADNER GERVAIS, LLP and
BORDEN ELLIOT SCOTT & AYLEN
Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED SATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

Section 43(a)(1)(B) of the Lanham Act establishes a federal civil remedy for anyone who believes that he or she is, or is likely to be, damaged by another's use of misrepresentations "in commercial advertising or promotion" regarding "the nature, characteristics, qualities or geographic origin of his or her or another person's goods, services, or commercial activities."

The first question presented for review is whether misrepresentations, which would otherwise be actionable under that section, are not actionable if they are made in unsolicited letters to the plaintiff's customers.

The second question presented for review is whether a United States citizen, domiciled abroad, who voluntarily continues to claim, maintain, exercise and enjoy the rights and benefits of citizenship in a particular state, (*i.e.* by continuing to vote in that state's elections for federal offices) can, at the same time, disclaim citizenship in that state for the purpose of defeating diversity jurisdiction.

PARTIES TO THE PROCEEDING AND CORPORATE DISCLOSURE STATEMENT

The parties to this action are set forth in the case caption. Petitioner, ISI International, Inc., states that it is a closely held Illinois corporation, which is not publicly traded, and that no publicly held company owns 10% or more of its stock.

TABLE OF CONTENTS

Questions Presented	i
Parties To The Proceeding and Corporate Disclosure Statement	ii
Table of Contents	iii
Table of Cited Authorities	iv
Table of Appendices	vi
Petition for Writ of Certiorari	1
Opinions Below	1
Statement of Jurisdiction	3
Constitutional and Statutory Provisions Involved	3
Statement of The Case	5
A. The Issue of *Forum Non Conveniens*	5
B. Section 43(a)(1)(B) of The Lanham Act	6
C. Diversity Jurisdiction	13
Reasons For Granting The Petition	17
Conclusion	18

TABLE OF CITED AUTHORITIES

Case	Page
Avins v. Hannum 497 F.Supp. 930 an p. 936 (D.C. Pa. 1980).....	16
Cohens v. Virginia, 6 Wheat. 364, (1821).....	18
First Health Group Corp. v. BCE Emergis Corp 269 F.3d 800 (7th Cir. 2001).....	7, 8, 9, 10, 12
Gordon & Breach Science Publishers S.A. v. American Institute of Physics 859 F. Supp. 1521 (S.D.N.Y. 1994).....	8
ISI International, Inc. v. Borden Ladner Gervais, LLP., 256 F.3d 548 (7th Cir.2001)..	1, 7
ISI International, Inc. v. Borden Ladner Gervais LLP and Borden Elliot Scott & Aylen 316 F.3d 731 (7th Cir. 2003).....	3, 5, 6, 7, 8, 13, 14
Newman-Green, Inc. v. Alfonzo-Larrain, 490 U.S. 826 (1989).....	16
Federal Statutes and Rules	
Federal Lanham Act 15 U.S.C. §1125 (a)(1)(B) 15 U.S.C. 1125 (a) Section 43(a).....	3, 4, 6, 10, 11, 12, 13, 17
Uniformed Services and United States Citizens Living Abroad Act 42 U.S.C. § 1973ff	17, 18
Rule 4(k)(2). Fed.R.Civ.P.....	1

United States Code	**Page**
28 U.S.C. §1254(1).....	3
28 U.S.C. § 1332(a).....	4
Other Authorities	
Constitution of the United States Section 2 of Article III.....	3, 4
Congressional Record - Senate, Vol. 134, Part 22 October 20, 1988, S 32053.....	12, 13
13B Wright, Miller & Cooper, *Federal Practice and Civil Procedure* 2d § 2621	14, 15

TABLE OF APPENDICES

APPENDIX A - Minute Order - March 10, 1999 United States District Court Northern District of Illinois, Eastern Division — A-1

APPENDIX B - Opinion - July 2, 2001 United States Court of Appeals for the Seventh Circuit — A-4

APPENDIX C - ORDER - August 10, 2001 United States Court of Appeals for the Seventh Circuit — A-17

APPENDIX D - Memorandum Opinion and Order United States District Court Northern District of Illinois, Eastern Division dated October 30, 2001 — A-20

APPENDIX E - ORDER - January 4, 2002 United States Court of Appeals for the Seventh Circuit — A-33

APPENDIX F - Memorandum Opinion and Order, United States District Court Northern District of Illinois, Eastern Division dated February 14, 2002 — A-36

APPENDIX G - ORDER January 21, 2003 United States Court of Appeals for the Seventh Circuit — A-46

APPENDIX H - Letter dated January 24, 1997 to American Pharmaceutical Partners, Inc. — A-52

APPENDIX I - Declaration of Carol J. Brown dated June 6, 2002. — A-54

PETITION FOR A WRIT OF CERTIORARI

Petitioner respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Seventh Circuit in this case.

OPINIONS BELOW

This petition arises from the third, of three, appeals by ISI International, Inc. ("ISI") from orders of the district court dismissing its complaint against the Canadian law firm of Scott & Aylen, ("S&A") on *forum non conveniens* grounds.

Initially, the district court dismissed ISI's complaint for lack of personal jurisdiction and on *forum non conveniens* grounds. (Appendix A *infra*, p. A-1). On appeal (*ISI One*), in an opinion reported at 256 F.3d 548 (Appendix B, *infra*, p. A-5), the court of appeals vacated that dismissal, holding that personal jurisdiction was proper pursuant to Rule 4(k)(2) Fed.R.Civ.P. However, the court of appeals then remanded the case to the district court for further consideration of the issue of *forum non conveniens*.

After the filing of ISI's complaint, S&A merged with another law firm, Borden & Elliot ("B&E") to form a new partnership, Borden Elliot Scott & Aylen ("BES&A"), then, still later, BES&A merged with several other Canadian law firms to form a new partnership, Borden Ladner Gervais ("BLG").

Having learned of these mergers from S&A's disclosure statement, the court of appeals, on its own initiative and motion, removed S&A and substituted BLG as the defendant in this case, but, when BLG objected to this substitution, the court of appeals withdrew the mandate to the district court, and instructed BLG to provide further information and argument as to why it should not be the defendant in this case in lieu of S&A. Then, after considering the further submissions from BLG, the court of appeals, in an unreported opinion (Appendix C *infra*, p. A-19) held that BLG should remain the named defendant in this case.

On remand, the district court again dismissed ISI's complaint on *forum non conveniens* grounds (Appendix D *infra*, p. A-23), and ISI again appealed from that dismissal ("*ISI Two*"). However, before the briefing on *ISI Two* was completed, the court of appeals, on its own initiative, vacated that second dismissal of ISI's complaint and remanded the case with instructions to the district court to determine whether S&A or BLG should be the defendant in the case, and to enter an order binding on that defendant. (Appendix E *infra*, p. A-37).

Thereafter, the district court held that both S&A and BLG should be retained as co-defendants, and, for the reasons set forth in its earlier Memorandum Opinion and Order of October 30, 2001, again dismissed ISI's complaint on *forum non conveniens* grounds, (Appendix

F, *infra*, p. A-41), from which ISI again appealed (*ISI Three*).

In *ISI Three*, the court of appeals concluded that the private interest and public interest factors did not support the dismissal of ISI's complaint on *forum non conveniens* grounds. Nevertheless, in an opinion reported at 316 F.3d 73 (Appendix G *infra*, p. A-51), it affirmed the dismissal of ISI's complaint on other grounds. Specifically, the court of appeals held that ISI's complaint did not state a cause of action under Section 43(a)(1)(B) of the Lanham Act, and that, in the absence of a "federal question", there was no basis for diversity jurisdiction, because there was not complete diversity between the parties.

STATEMENT OF JURISDICTION

The judgment of the court of appeals was entered on January 21, 2003. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

Section 2 of Article III of the Constitution of the United States establishes, in pertinent part, that:

> The judicial Power shall extend to all Cases, in Law and Equity, arising under this Constitution, the Laws of the United States, and Treaties

> made, or which shall be made, under their Authority;--to all Cases affecting Ambassadors, other public ministers and Consuls;--to all Cases of admiralty and maritime Jurisdiction; -- to Controversies to which the United States shall be a Party; -- to Controversies between two or more States; -- between a State and Citizens of another State; -- between Citizens of different States; -- between Citizens of the same State claiming Lands under Grants of different States, and between a State, or the Citizens thereof, and foreign States, Citizens or Subjects.

Section 1332 (a)of Chapter 28 of the United States Code further provides that:

> The district courts shall have original jurisdiction of all civil actions where the mater in controversy exceeds the sum or value of $75,000.00, exclusive of interests and costs, and is between -
>
> 1. citizens of different states ...

Section 43(a)(1)(B) of the Federal Lanham Act (15 U.S.C. § 1125(a)(1)(B)) (as amended by the Trademark Law Revision Act of 1988) provides that:

> Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or

> any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which -
>
> ...
>
> (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

STATEMENT

A. The *Forum Non Conveniens* Issue

The court of appeals considered all of the public interest and private interest factors upon which the district court had based it dismissal of ISI's complaint on *forum non conveniens* grounds, and concluded that, "None of these considerations so strongly supports the Canadian venue that plaintiff's choice must be overridden." (p. A-54 *infra*). Nevertheless, the court of appeals affirmed the district court's dismissal of ISI's complaint, holding that:

> ... the Lanham Act claim that justified the presence of this case in federal court turns out to be untenable. (p. A-54 *infra*) ...

> Recognition that ISI International's Lanham Act claim fails on the merits ... does deprive ISI International of any substantial interest in having the remainder of the suit resolved in federal court. (p. A-55 *infra*)

Thus, the court of appeals found it unnecessary to rule directly on the issue of *forum non conveniens* because:

> Indeed, even if we were to declare that the district court abused its discretion by using the doctrine of *forum non conveniens*, that court would be free to relinquish supplemental jurisdiction now that the claim under federal law has been resolved, see 28 U.S.C. §1367(c)(3), a step that would have the same practical effect as the use of *forum non conveniens*. (p. A-55, *infra*)

B. Section 43(a)(1)(B) of the Lanham Act

ISI's Lanham Act claim is based upon the allegation that the Canadian law firm of Scott & Aylen made false and misleading representations about ISI's products and those of one of ISI's competitors, Dr. Reitsma, in a series of letters sent to ISI's customers, including one of ISI's customers in the United States, American Pharmaceutical Partners in California (Appendix H *infra*, p. A-57). Those letters also solicited the recipients to do business with Dr. Reitsma, rather than with ISI.

Scott & Aylen has not only acknowledged sending the letters in question but also has admitted that the representations in those letters were false. This was confirmed by the court of appeals, as follows, in its opinion in *ISI One*:

> This letter twice stated that Reitsma holds a patent on the device, yet S&A well knew that Reitsma had none. ... One of these letters went to American Pharmaceutical Partners in California, which dropped ISI International like a hot potato. So did everyone else. (Appendix B *infra*, p. A-6-7)
>
> Scott & Aylen conceded knowing that Reitsma never obtained a patent in his own name, although it represented otherwise in the letters sent to ISI's clients. (Appendix G *infra*, p. A-55)

Nevertheless, based on its earlier opinion in *First Health Group Corp. v. BCE Emergis Corp*, 269 F.3d 800 (7th Cir. 2001) (hereinafter referred to as "*First Health*"), the court of appeals held that ISI's complaint failed to state a claim under the federal Lanham Act because:

> ... *First Health Group Corp. v. BCE Emergis Corp*, 269 F.3d 800 (7th Cir. 2001), held that letters sent to customers do not come within the scope of §43(a)(1)(B) - which is limited to false or misleading "commercial advertising or promotion" and does not cover all deceitful

business practices. (Appendix G, *infra*, p. A-55)

Therefore, it is necessary to examine the seventh circuit's analysis in *First Health* in order to understand the basis for its affirmation of the dismissal of ISI's complaint in the case at bar.

In *First Health,* the seventh circuit stated at 269 F.3d 800, at p. 803:

> The district court treated "commercial advertising or promotion" as a synonym for all commercial speech that the first amendment allows the federal government to regulate. See 1998 U.S. Dist. Lexis 3183 (N.D. Ill. Mar. 12, 1998). In reaching this conclusion it relied on a line of decisions by other district courts that follow a multi-factor approach for determining the scope of sec.43(a). *See, e.g., Gordon & Breach Science Publishers S.A. v. American Institute of Physics,* 859 F. Supp. 1521 (S.D.N.Y. 1994) (the originator of this four-part test). We have serious doubts about the wisdom of displacing the statutory text in favor of a judicial rewrite with no roots in the language Congress enacted. Treating sec.43(a)(1)(B) as filling all ground that the Constitution allowed to the legislature is especially implausible, for when the Lanham Act was adopted there were no constitutional limits on the regulation of commercial speech. (citations omitted). Any plan to occupy all of the

> constitutionally permitted space would have used the phrase "commercial speech," rather than "advertising or promotion" in sec.43(a)(1)(B), and the variety of other scope rules found elsewhere in the statute.

Thus, the seventh circuit based its interpretation of "commercial advertising and promotion," primarily on two factors. First, as stated at 269 F.3d 800, at p. 804:

> ... First Health has not offered any material from the time of the Lanham Act's adoption (either legislative history or other examples of usage in the legal community) implying that the statutory phrase "commercial advertising or promotion" means anything other than what a user of normal English would assume.

Second, as stated at 269 F.3d 800, at p. 803:

> Treating sec.43(a)(1)(B) as filling all ground that the Constitution allowed to the legislature is especially implausible, for when the Lanham Act was adopted there were no constitutional limits on the regulation of commercial speech. (citations omitted). Any plan to occupy all of the constitutionally permitted space would have used the phrase "commercial speech," rather than "advertising or promotion" in sec.43(a)(1)(B), and the variety of other scope rules found elsewhere in the statute.

Both of these statements, however, confirm that, when it rendered its opinion in *First Health*, the seventh circuit was apparently unaware that the language which it was construing was not originally in the Lanham Act when it was enacted in 1946, but was only added in 1988 . The original Section 43(a) of the Lanham Act read as follows:

> **Section 43(a) (15 U.S.C. 1125a)**
> **False designations of origin and false descriptions forbidden**
> Any person who shall affix, apply or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation. Including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of such false description or representation.

It was not until the enactment of the Trademark Law Revision Act of 1988 that this terminology was added as part of a new Section 43(a)(1)(B), which now reads as follows:

> **§43 (15 U.S.C. §1125).**
> **False designations of origin; false description or representation**
> (a) (1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which–
>
> > (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or
> >
> > (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,
>
> shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

Consequently, without actually examining the legislative history relating to the enactment of section 43(a)(1)(B) of the Lanham Act, the seventh circuit based its conclusion that ISI's complaint failed to state a cause of action under that section upon its erroneous speculation that, as stated in *First Health Group Corp. v. BCE Emergis Corp*, 269 F.3d 800 at p. 893 (7th Cir. 2001):

> The language and structure of sec.43(a)(1)(B) do not suggest a line between commercial and political speech, with the former completely covered and the latter not. They suggest a line between varieties of commercial speech.

That conclusion, however, stands in diametric opposition to the actual congressional intent in adopting that language, which was explained, as follows, by Senator DiConcini, co-sponsor of the Trademark Law Revision Act of 1988, when he introduced the bill to the senate:

> In limiting the language in this say (sic) the word "commercial" is intended to eliminate any possibility that the section might be applied to political speech. Although the Senate sees this language as unnecessary because section 43(a) requires that the misrepresentations be made with respect to goods or services, we consider the inclusion of the language harmless so long as Congress' intent that it be interpreted only as excluding political speech is clear. It is also

> Congress' intent that the "commercial" language be applicable any time there is a misrepresentation relating to goods or services. (Emphasis Added) [Congressional Record - Senate, Vol. 134, Part 22 - October 20, 1988, S 32053]

Consequently, the seventh circuit affirmation of the dismissal of ISI's complaint should be reversed because it was predicated upon an erroneous construction of section 43(a)(1)(B) of the Lanham Act, which negates the underlying legislative intent of congress in enacting the Trademark Law Revision Act of 1988.

C. Diversity Jurisdiction

Having first determined that, in the absence of a viable Lanham Act claim, subject matter jurisdiction could not be based on a "federal question", the court of appeals then held that, in the alternative, subject matter jurisdiction could not be based upon diversity, because:

> (One of Scott & Aylen's partners is a U.S. citizen domiciled in Canada; she has no state citizenship, so diversity jurisdiction is unavailable. *See Newman-Green, Inc. v. Alfonzo-Larrain*, 490 U.S. 826, 829. (1989).)
>
> Because no claim under U.S. federal law remains in the case, and the parties are not of diverse citizenship, the most appropriate place

> for this litigation is Ontario ... (Appendix G *infra*, p. A-55-56)

It is well settled that, for purposes of diversity jurisdiction, a partnership is deemed to have the citizenship of each of its partners. Thus, the absence of diversity as to any one of Scott & Aylen's partners would negate the basis for diversity jurisdiction as to the partnership itself. It is also well settled that, as stated at 13B Wright, Miller & Cooper, *Federal Practice and Civil Procedure* 2d, § 3621 at pp. 577-578:

> Accordingly, it has been held consistently that a diversity suit may not be maintained under Section 1332(a)(1) by or against a United States citizen domiciled in a foreign country.

However, as also stated at 13B Wright, Miller & Cooper, *Federal Practice and Civil Procedure* 2d, § 3621 at pp. 580-578:

> The purpose of diversity jurisdiction is said to protect an out-of-state litigant from prejudice if he is forced to litigate away from home. Certainly, an American domiciled abroad is as likely to be considered as much a stranger to a state forum as is an individual domiciled in a neighboring state. Consequently, the state citizenship of a United States citizen living overseas might properly be defined as being the state in which he or she last had an established

> domicile. This would permit an American's state citizenship to continue until foreign citizenship had been acquired or the American abandoned United States citizenship.

To negate the basis for diversity jurisdiction over the partnerships in which she was a member, Ms. Brown, a partner in both S&A and BLG, submitted a Declaration (which was attached to Scott & Aylen's Answering Brief on Appeal) attesting to the fact that she is a United States citizen and that:

> In 1985 I moved to Ottawa and joined Scott & Aylen. I was a partner of the firm when ISI International, Inc. filed its U.S. lawsuit, 98 C 7614. I have remained with the firm at all times since joining in 1985, and am also currently a partner of Borden Ladner Gervais LLP. (Appendix I *infra*, p. A-60)

Ms. Brown also confirmed in her declaration that:

> I have always been a U.S. Citizen. I vote in U.S. federal elections, most recently the 2000 U.S. presidential election. (Appendix I *infra*, p. A-60)

There are, however, no purely "federal elections." To the contrary, there are only elections for the candidates from a particular state for federal offices, and the right to vote for those candidates, including the electors from that state to the Electoral College, is limited to those

persons who are, in fact and law, citizens of that state.

Certainly one of the most important rights attributable to citizenship in a particular state is the right to participate in its governmental affairs through voting in its elections. Indeed, voting in a state has been held to, at least, raise a presumption of citizenship in that state. *See Generally: Avins v. Hannum,* 497 F.Supp. 930 an p. 936 (D.C. Pa. 1980). In the instant case, Ms. Brown's written declaration confirms her intention to remain a United States citizen, and her acts of continuously claiming the right to vote in the elections of a particular state (presumably either Vermont or New York) demonstrates her intention not to terminate her status as a citizen of the state wherein she resided before becoming domiciled abroad.

In holding that, in the alternative, there would be no basis for diversity jurisdiction for ISI's complaint against S&A, the seventh circuit applied the holding in *Newman-Green, Inc. v. Alfonzo-Larrain* and similar cases as establishing a conclusive presumption that every United States citizen living abroad can never be a citizen of any state. However, the acknowledged facts in the case at bar call into question whether those holdings establish a conclusive presumption or a rebuttable presumption, which can be overcome, as in this case, by evidence that the person has voluntarily elected to remain an "absentee" citizen of the state in which he or she resided before moving abroad. Stated differently, the question is whether a United States citizen, living

abroad, who legally claims, maintains, exercises and continues to enjoy the rights of citizenship in a particular state can disavow that citizenship for purposes of defeating diversity jurisdiction.

REASONS FOR GRANTING THE PETITION

Section 43(a) of the Lanham Act is, and has been, one of that Act's most important sections. Indeed, it has sometimes been referred to as the "federal law of unfair competition." At best, other circuits, which might not agree with the seventh circuit's interpretation of the language in Section 43(a)(1)(B) would only create unacceptable differences between the circuits in the enforcement of the Lanham Act throughout the United States. At worst, the seventh circuit's erroneous construction of the language in Section 43(a)(1)(B) may be accepted by other federal courts, thereby perpetuating an error which is at odds with the congressional intent in adopting that language. Consequently, this issue is uniquely suited to resolution by the United States Supreme Court.

Although the second issue raised by ISI's petition for a writ of certiorari may be rendered moot if the seventh circuit's analysis of section 43(a)(1)(B) is rejected, this second issue also involves an extremely important question of constitutional law and federal civil procedure. In the instant case, the United States citizen in question is not a traditional, stateless, "ex patriot", who has severed the ties with the state where

she previously resided before becoming domiciled abroad. To the contrary, as permitted by the Uniformed Services and United States Citizens Living Abroad Act (42 U.S.C. § 1973ff, *et seq.*) she has continued to claim and enjoy the benefits of citizenship in the state where she last resided before moving to Canada.

The resolution of this second issue transcends the facts of this case and the underlying dispute between the litigants. Indeed, it will directly impact thousands of United States citizens living abroad, including those who are serving in the armed services of the United States and who are stationed, with their families, overseas. If they are conclusively precluded from establishing their intent to legally continue and maintain their citizenship in the states where they resided before becoming domiciled abroad, then they will be systematically denied what Chief Justice Marshall characterized in *Cohens v. Virginia*, 6 Wheat. 364, at p. 378, as their "constitutional right to come into the courts of the Union."

CONCLUSION

For the forgoing reasons, it is respectfully submitted that the petition for a writ of certiorari should be granted.

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Respectfully submitted,

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